

## Message Text

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PAGE 01 BUDAPE 04180 150811Z  
ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 SS-15 EB-07 L-03 NSC-05 FRB-03  
SEC-01 OMB-01 COME-00 H-01 SP-02 CIAE-00 INR-07  
NSAE-00 SSO-00 NSCE-00 INRE-00 PA-01 PRS-01 USIE-00  
/060 W

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O 150725Z DEC 76  
FM AMEMBASSY BUDAPEST  
TO SECSTATE WASHDC NIACT IMMEDIATE 7536

C O N F I D E N T I A L BUDAPEST 4180

E.O. 11652: GDS  
TAGS: EFIN, HU  
SUBJECT: WORLD WAR I FLOUR DEBT

REF: (A) BUDAPEST 4175, (B) STATE 302703

1. FOLLOWING IS TEXT OF USG DRAFT NOTE:

A. QTE: THE EMBASSY OF THE UNITED STATES OF AMERICAN PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS OF THE HUNGARIAN PEOPLE'S REPUBLIC AND HAS THE HONOR TO REFER TO THE MINISTRY'S NOTE NO. 1230-5/1976 DATED OCTOBER 5, 1976, TO DISCUSSIONS BETWEEN THE TWO GOVERNMENTS ON NOVEMBER 4, 1976, AND OTHER CONVERSATIONS AND NOTES BETWEEN AMERICAN AND HUNGARIAN OFFICIALS RELATING TO OBLIGATIONS OF THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC ARISING FROM THE AGREEMENTS OF APRIL 25, 1924, AND MAY 27, 1932.

B. THE GOVERNMENT OF THE UNITED STATES OF AMERICA WELCOMES THE PROGRESS THAT HAS BEEN MADE SINCE DISCUSSIONS WERE RESUMED NOVEMBER 4, 1976. AS A RESULT OF THESE AND SUBSEQUENT DISCUSSIONS, THE GOVERNMENT OF THE UNITED STATES UNDERSTANDS THAT THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC, IF FULL PAYMENT OF ALL ARREARAGES OF PRINCIPAL AND INTEREST ARISING FROM THE AGREEMENTS OF 1924 AND 1932, WILL DEPOSIT ON DECEMBER 15, 1976, THE AMOUNT OF \$4,327,271.44 TO THE GENERAL FUND ACCOUNT OF THE UNITED STATES TREASURY AT THE FEDERAL RESERVE BANK OF NEW YORK, OR WILL SIGN AND DELIVER ON DECEMBER 15, 1976, A NOTE UNDERTAKING TO MAKE SUCH PAYMENT NO LATER  
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THAN DECEMBER 20, 1976.

C. THE AMOUNT OF \$4,327,271.44 REPRESENTS \$56,235.00 OF PRINCIPAL AND \$33,185.06 OF INTEREST DUE DECEMBER 15, 1976 TOGETHER WITH \$1,3000,457.75 OF PAST DUE PRINCIPAL URD \$2,937,393.63 OF PAST DUE INTEREST.

D. UPON NOTICE FROM THE FEDERAL RESERVE BANK OF NEW YORK THAT \$4,327,271.44 HAS BEEN DEPOSITED TO THE GENERAL FUND ACCOUNT OF THE UNITED STATES TREASURY, THE GOVERNMENT OF THE UNITED STATES WILL RETURN TO THE EMBASSY OF THE HUNGARIAN PEOPLE'S REPUBLIC IN WASHINGTON, D.C. BONDS OF THE GOVERNMENT OF HUNGARY MATURING ON OR PRIOR TO DECEMBER 15, 1976, PURSUANT TO THE AGREEMENTS OF 1924 AND 1932.

E. WITHIN FIVE DAYS AFTER RECEIPT OF THE NOTICE OF THE ABOVE DEPOSIT TO THE FEDERAL RESERVE BANK OF NEW YORK, THE UNITED STATES DEPARTMENT OF THE TREASURY WILL ISSUE PUBLIC NOTIFICATION THAT THE RESTRICTIONS OF THE JOHNSON ACT (US PUBLIC LAW 80-772) NO LONGER APPLY TO HUNGARY. THE U.S. SECURITIES AND EXCHANGE COMMISSION (SEC), UPON OFFICIAL NOTIFICATION BY THE U.S. DEPARTMENT OF THE TREASURY THAT THE GOVERNMENT OF HUNGARY HAS PAID ALL CURRENT ARREARAGES, WILL PUBLISH A NOTICE RESCINDING ITS RELEASE NO. 10610 DATED JANUARY 22, 1974. THE U.S. DEPARTMENT OF THE TREASURY WILL SO INFORM THE SEC WITHIN THREE DAYS AFTER RECEIPT OF NOTICE OF THE ABOVE DEPOSIT.

F. THE RESTRICTIONS OF THE JOHNSON ACT WILL CONTINUE TO BE INAPPLICABLE TO THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC SO LONG AS IT IS NOT IN DEFAULT OF PAYMENTS OR OBLIGATIONS DUE THE GOVERNMENT OF THE UNITED STATES.

G. ATTACHED AS PART OF THIS NOTE (ANNEX A) IS A SCHEDULE OF HUNGARIAN PAYMENTS DUE UNDER THE AGREEMENTS OF APRIL 25, 1924, AND MAY 27, 1932, THROUGH DECEMBER 15, 1985.

#. COMPLEMENTARY CLOSE..END QUOTE.

2. WILL CALL 1000 HOURS WASHINGTON TIME DECEMBER 16.  
XXDD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT DRAFT, TEXT, WORLD WAR I, DIPLOMATIC NOTES, WAR DEBTS, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MartinML  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BUDAPE04180  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760461-0309  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION TRSE  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 BUDAPEST 4175, 76 STATE 302703  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MartinML  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 29 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <29 APR 2004 by hartledg>; APPROVED <18 AUG 2004 by MartinML>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** WORLD WAR I FLOUR DEBT  
**TAGS:** EFIN, HU, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006